

## Message Text

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ACTION COME-00

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R 202025Z MAR 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4398

UNCLAS LIMA 2306

E.O. 11652: N/A

TAGS: BEXP, PE

SUBJ: COMMERCIAL PRESENCE FAIR (CPF) FY 76 LIMA

REF: A) STATE 1626; B) LIMA 1569

SUMMARY: EXHIBITORS' CONTRIBUTIONS ESTIMATED TO REACH \$80,000 - \$100,000 WITH PROBABILITY THAT TOTAL WILL BE TOWARD LOWER RANGE OF SCALE. EMBASSY HAS ALREADY QUOTED \$1,350 FOR BASIC BOOTH AND \$19/SQ. MT. FOR OUTSIDE SPACE TO INTERESTED EXHIBITORS. EMD SUMMARY.

EMBASSY GREATLY APPRECIATES FUNDING LEVEL SET FORTH REFTEL A. EMBASSY NOW DEEPLY INVOLVED IN PROCUREMENT FOR PACIFIC FAIR.

WITH REGARD TO POSSIBILITY REACHING \$113,000 IN EXHIBITORS' CONTRIBUTIONS, EMBASSY ALMOST CERTAIN THIS LEVEL WILL NOT RPT NOT BE REACHED. ALTHOUGH THERE WILL BE SIZEABLE AMOUNT OF IMPORTED EQUIPMENT SOLD AS DESCRIBED BELOW THROUGH OUR PARTICIPATION, THERE WILL SIMPLY NOT BE THE MASSIVE CONCENTRATION OF HEAVY MINING AND CONSTRUCTION EQUIPMENT WHICH CHARACTERIZED TECNOMIN '74. EMBASSY WILL MAKE EVERY EFFORT TO RENT OUT EXISTING PAVILION AS DESCRIBED BELOW. THIS WILL BRING IN ABOUT \$61,000 IN EXHIBITORS' CONTRIBUTIONS. IN ADDITION AS AN ABSOLUTE TOP LIMIT WE CAN REASONABLY EXPECT BETWEEN 1,000-2,000 SQ. METERS OF OUTSIDE SPACE. THE HIGHER LEVEL WOULD BRING IN A TOTAL OF \$38,000 FOR OUTSIDE SPACE.

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AS A MAXIMUM, THEREFORE, EXHIBITORS' CONTRIBUTIONS

COULD APPROACH \$100,000 ALTHOUGH WE DO NOT THINK THIS IS PROBABLE. OBVIOUSLY, THIS LEVEL BASED ON ASSUMPTION THERE WILL NOT BE ANY MAJOR CHANGES IN CURRENT ECONOMIC SITUATION.

IN ORDER NOT TO APPEAR TOO OPTIMISTIC, EMBASSY WILL ASSUME THAT PAVILION WILL BE FILLED AND THAT AT LEAST 1,000 SQ. METERS OF OUTSIDE SPACE WILL BE SOLD.

THIS WOULD MAKE MINIMUM EXHIBITORS' CONTRIBUTIONS OF \$80,000.

WITH REGARD TO RATES TO BE CHARGED EXHIBITORS, EMBASSY HAS ALREADY PROCEEDED TO QUOTE LEVEL OF \$1,350 PER 3 X 4 METER BOOTH IN ORDER TO BEGIN PROCUREMENT WITH ENOUGH LEAD TIME TO INSURE MAXIMUM PARTICIPATION.

LEVEL SUGGESTED REFTTEL A APPEARS TO BE EXCESSIVE FOR PERU. IN FIRST PLACE, RENT FOR SPACE TO BE PAID BY EMBASSY WILL BE \$15 PER SQUARE METER RATHER THAN \$18 PER SQUARE METER FOR TECNOMIN '74. ALSO, FACT THAT STANDS LEFT IN PLACE ALSO INDICATES THAT WE SHOULD QUOTE LOWER PRICE THAN IN TECNOMIN '74. COMATT HAS PERSONALLY VISITED OVER 50 LOCAL REPRESENTATIVES OF U.S. COMPANIES (WE HAVE CONTACTED CLOSE TO 100 FIRMS ALTOGETHER) AND FOUND THAT PRICE IS A VERY IMPORTANT FACTOR FOR MANY FIRMS. THESE FIRMS, WHICH TEND TO SELL COMMERCIALY SIGNIFICANT BUT LOWER PRICE EQUIPMENT, WILL UTILIZE THEIR PARTICIPATION IN U.S. PAVILION AS DEVICE TO ACTUALLY IMPORT EQUIPMENT FOR SALE IN PERU AND NOT MERELY FOR IMAGE OR PUBLICITY PURPOSES. TO THESE FIRMS, THEREFORE, THEIR CONTRIBUTION IS A COST WHICH IS ADDED TO EQUIPMENT. IN REFTTEL B, EMBASSY HAD FOR PLANNING PURPOSES INDICATED LEVEL OF \$1,200 PER BOOTH. ACTUAL LEVEL OF \$1,350 NOW BEING QUOTED IS MAXIMUM LEVEL POSSIBLE WHICH WOULD COVER PAVILION EXPENSES AS WELL AS GENERATE MAXIMUM PARTICIPATION AND, MORE IMPORTANTLY, MAXIMUM

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EQUIPMENT SALES WHICH WOULD OTHERWISE NOT BE POSSIBLE BECAUSE OF IMPORT QUOTA SYSTEM.

BASED ON \$1,350 LEVEL, THERE FOLLOWS PRELIMINARY BREAKDOWN OF COSTS AND REVENUES AS FOLLOWS:

FOR INSIDE SPACE: (PAVILION OF 1512 SQ. MTS)

## EXHIBITORS' CONTRIBUTIONS:

37 (3 METERS X 4 METERS)	
SMALL BOOTH AT \$1,350 EACH	\$49,950
3 (3 METERS X 5 METERS)	
MEDIUM BOOTHS AT \$1,675 EACH	5,025
3 (3 METERS X 6 METERS)	
LARGE BOOTHS AT \$2,000 EACH	6,000
TOTAL:	\$61,015

## EXPENDITURES:

RENT (1,512 SQ. MTS. / \$15)	\$22,680
REDECORATION (INSIDE AND OUTSIDE REPAINTING, SIGNS, & 4-0#8: , ETC.)	
	15,000
HOSPITALITY (35 COMPANIES X \$60 EACH)	
	2,100
ADMINISTRATION(PERSONNEL, INTERPRETERS, GUARDS, CLEANING, TRANSPORTATION, PRINTING, RENTAL OF FURNITURE, ETC.)	
	16,000
UTILITIES (ELECTRICITY, WATER, SEWAGE, PHONES)	
	2,500
TOTAL:	\$58,280

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ABOVE BREAKDOWN ALLOWS FOR USIS TO HAVE SPACE OF UP TO 100 SQ. MTS. AT NO RENTAL COST FOR ITS OWN EXHIBIT AT U.S. PAVILION. IN VIEW OF SIZEABLE USIS CONTRIBUTION IN SUPPLYING PAPER FOR CATALOGUES, EDITORIAL AND PUBLICITY ASSISTANCE, ETC., THEIR CONTRIBUTION ON THIS BASIS IS A PLUS FACTOR IN KEEPING COSTS DOWN. FOR OUTSIDE SPACE, EMBASSY QUOTING PRICE OF \$19 PER SQUARE METER, WITH MINIMUM OF 25 SQUARE METERS. THIS GIVES A SPREAD OF \$4 OVER RENT COST OF \$15 PER SQUARE METERS. WE ESTIMATE THAT SIGNS, LIGHTING, ELECTRICITY, WOULD AVERAGE AROUND \$1 PER SQUARE METER. USING THIS ESTIMATE, FOLLOWING IS BREAKDOWN OF REVENUES AND EXPENDITURES FOR 1,000 SQUARE METERS OF OUTSIDE SPACE AND FOR 2,000 SQUARE METERS:

OUTSIDE SPACE:

EXPENDITURES	1,000 SQ. MTS	2,000 SQ MTS.
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RENT (\$15 X SQ. MT.)	\$ 15,000	\$ 30,000
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DECORATION AND

UTILITIES	\$ 1,000	\$ 2,000
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TOTAL:	\$16,000	\$32,000
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REVENUES

EXHIBITORS'

CONTRIBUTIONS

(\$19 PER SQ. MT.)	\$ 19,000	\$ 38,000
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OBVIOUSLY, ABOVE STATISTICS ARE PRELIMINARY ESTIMATES.  
DOC BUDGET SUPPORT IS NEEDED FOR PAVILION MANAGER AND  
IN CASE EMBASSY ESTIMATES LISTED ABOVE TURN OUT TOO  
OPTIMISTIC ON EITHER REVENUE OR EXPENDITURE LEVELS,  
AND TO COVER UNFORESEEN CONTINGENCIES.  
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